

COTEAU FIRE PROTECTION DISTRICT
Houma, LA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

COTEAU FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2010

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COTEAU FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

This discussion and analysis of the Coteau Fire Protection District's financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$90,381 approximately 8%. At the end of the year assets exceeded liabilities by \$1,178,867 (net assets).
- During the year, expenses for fire protection services were \$376,900. General revenues of \$467,281 were recorded to end the year with revenue exceeding expenses by \$90,381. This compares to last year when net assets increased by \$71,704.
- Fund balances of the governmental funds increased \$96,900 or about 23% to \$525,584. Of the total fund balance, the Board has committed \$200,000 for future emergencies or contingencies, the remainder is considered unassigned and available to budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

COTEAU FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Coteau Fire Protection District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Coteau Fire Protection District.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Coteau Fire Protection District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net assets increased from \$1,088,486 to \$1,178,867 or 8.3%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

COTEAU FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Our analysis below focuses on the net assets and changes in net assets of the governmental-type activities.

Condensed Statement of Net Assets

	2010	2011	Increase (Decrease)	Percent Change
Current and Other Assets	\$ 887,651	\$1,010,879	\$ 123,228	13.9%
Capital Assets	1,396,856	1,282,277	(114,579)	-8.2%
Total Assets	2,284,507	2,293,156	8,649	0.4%
Current Liabilities	495,576	494,304	(1,272)	-0.3%
Long-term Liabilities	700,445	619,985	(80,460)	-11.5%
Total Liabilities	1,196,021	1,114,289	(81,732)	-7.3%
Invested in Capital Assets	200,835	167,988	(32,847)	-16.4%
Unrestricted	887,651	1,010,879	123,228	13.9%
Total Net Assets	\$ 1,088,486	\$1,178,867	\$ 90,381	8.3%

Condensed Statement of Activities

	2010	2011	Increase (Decrease)	Percent Change
Total program expenses	\$ (374,026)	\$(376,900)	\$ 2,874	0.8%
Total program revenues	2,505	-	(2,505)	-100.0%
Net program income	(371,521)	(376,900)	(5,379)	-1.4%
General revenues	443,225	467,281	24,056	5.4%
Change in Net Assets	71,704	90,381	18,677	26.0%
Net Assets:				
Beginning of the year	1,016,782	1,088,486	71,704	6.6%
End of the year	\$ 1,088,486	\$1,178,867	\$ 90,381	8.3%

Revenues for the governmental activities increased by approximately 5%, while expenses increased only slightly.

COTEAU FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Coteau Fire Protection District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The general fund reported an ending fund balance of \$525,584 of which the Board has committed in the budget \$200,000 for Contingencies. This reflects an increase of \$96,900 from the prior year.

Total revenues for the general fund were \$467,281 an increase of over 5% from the prior year.

Current expenditures for fire protection activities were \$198,754, an increase of 11% from the prior year due to the addition of salaries and benefits for an employee position added during the year. Capital outlay equaled \$23,019, a significant decrease of \$10,425 or 31% from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$470,500
Amendments were made for:	
Decreased Ad Valorem Taxes	(1,590)
Increased Intergovernmental revenue	2,240
Total revenue amendments	650
Amended Budgeted Revenues	\$471,150

COTEAU FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Original Budgeted Expenditures	\$826,200
Amendments were made for:	
Decreased general government expenditures	(3,400)
Decreased current expenditures	(55,050)
Increased Capital Outlay	129,444
Total expenditure amendments	70,994
Amended Budgeted Expenditures	\$897,194

CAPITAL ASSETS

Capital assets, net of accumulated depreciation of \$781,457, for governmental activities at year-end were \$1,282,278. This year there was additions of \$23,019 of machinery and equipment and improvements.

Depreciation of \$137,597 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

The District had \$619,985 in long term debt outstanding. Principal payments of \$80,460 and \$42,684 of interest was made on the outstanding debt during the year. On June 28, 2011 the Board agreed to re-finance the Aerial Pumper #3 lease with Government Capital Corp. reducing the interest rate from 5.04% to 4.75% saving about \$3,000 over the life of the loan. The total amount refinanced was \$357,031. More detailed information about the long term debt is presented in Note 6 to the financial statements.

COTEAU FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget adopted November 29, 2011 include:

	<u>2012</u>
Anticipated revenues	\$ 475,500
Expenditures:	
Current	338,500
Capital outlay	5,000
Debt service	<u>132,970</u>
Anticipated expenditures	<u>476,470</u>
Excess of revenues	(970)
Fund Balance:	
Beginning of the year	<u>2,639</u>
End of the year	<u><u>\$ 1,669</u></u>

The Board is expecting a slight (2-5%) increase in Salaries and Benefits, Utilities, and Telephone and other services.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Coteau Fire Protection District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Robert Parr, Chairman
2325 Coteau Road
Houma, LA
Phone number 985-868-4355

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Coteau Fire Protection District
Houma, LA

We have audited the accompanying financial statements of the governmental activities and each fund of the Coteau Fire Protection District, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2011 which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coteau Fire Protection District. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Coteau Fire Protection District as of December 31, 2011, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

To the Commissioners of the
Coteau Fire Protection District
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In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2012, on our consideration of the Coteau Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the financial statements is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stagni & Company

Stagni & Company, LLC

Thibodaux, Louisiana
June 19, 2012

THIBODAUX, LOUISIANA
JUN 19, 2012



COTEAU FIRE PROTECTION DISTRICT

Statement of Net Assets

December 31, 2011

ASSETS

Cash	\$ 486,151
Ad Valorem taxes receivable	24,576
Due from other governments	464,707
Miscellaneous receivable	23,725
Prepaid Insurance	11,720
Capital Assets, net of accumulated depreciation	<u>1,282,277</u>
TOTAL ASSETS	<u>\$ 2,293,156</u>

LIABILITIES

Accrued salaries	\$ -
Interest payable	9,009
Deferred revenue	485,295
Long-term liabilities:	
Due in one year	108,771
Due after one year	<u>511,214</u>
TOTAL LIABILITIES	<u>1,114,289</u>

NET ASSETS

Invested in capital assets, net of related debt	167,988
Unrestricted	<u>1,010,879</u>
TOTAL NET ASSETS	<u>\$ 1,178,867</u>

See notes to financial statements.

COTEAU FIRE PROTECTION DISTRICT

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	Program Revenue		Net Revenue (Expense)
	Expenses	Charges for services	Operating Grants
Recreational activities:	\$ 376,900	\$ -	\$ -
Total governmental activities	<u>\$ 376,900</u>	<u>\$ -</u>	<u>\$ (376,900)</u>

GENERAL REVENUES

Ad valorem taxes	448,692
State	17,250
Miscellaneous	806
Interest earned	533
TOTAL GENERAL REVENUES	<u>467,281</u>

CHANGE IN NET ASSETS NET ASSETS:

Beginning of year	1,088,486
End of year	<u>\$ 1,178,867</u>

See notes to the financial statements.

COTEAU FIRE PROTECTION DISTRICT

Balance Sheet - Governmental Fund - General Fund

December 31, 2011

ASSETS

Cash	\$ 486,151
Ad Valorem taxes receivable	24,576
Due from other governments	464,707
Miscellaneous receivable	23,725
Prepaid Insurance	11,720
TOTAL ASSETS	<u>\$ 1,010,879</u>

LIABILITIES AND EQUITY

Accounts payable	\$ -
Deferred revenue	485,295
TOTAL LIABILITIES	<u>485,295</u>

FUND BALANCES

Restricted for:	
Contingencies	200,000
Unassigned	325,584
TOTAL FUND BALANCES	<u>525,584</u>

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.

Add - Capital Assets	2,063,734	
Deduct - Accumulated Depreciation	<u>(781,457)</u>	1,282,277

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - Long term debt payable	(511,214)	
Deduct - Current portion of debt	(108,771)	
Deduct - Accrued Interest payable	<u>(9,009)</u>	(628,994)
Net assets of governmental activities		<u>\$ 1,178,867</u>

See notes to financial statements.

COTEAU FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2011

REVENUES

Ad Valorem Taxes	\$ 448,692
Intergovernmental:	
State	17,250
Miscellaneous	806
Interest	533
TOTAL REVENUES	<u>467,281</u>

EXPENDITURES

General government - current:	
Ad valorem tax deductions	15,465
Ad valorem tax adjustments	(1)
Total general government - current	<u>15,464</u>
Public Safety - current:	
Salaries & benefits	96,928
Supplies & materials	33,181
Other services & charges	57,722
Repairs & maintenance	10,923
Total current	<u>198,754</u>
Capital Outlay	<u>23,019</u>
Debt Service:	
Principal	447,491
Interest	42,684
Total debt service	<u>490,175</u>
TOTAL EXPENDITURES	<u>727,412</u>

Excess Expenditure over Revenue (260,131)

OTHER FINANCING SOURCES (USES)

Proceeds from refinancing 357,031

NET CHANGE IN FUND BALANCES 96,900

FUND BALANCES

Beginning of year	<u>428,684</u>
End of year	<u>\$525,584</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES:**

Net change in fund balances per above \$ 96,900

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	23,019	
Deduct - Depreciation expense	<u>(137,597)</u>	(114,578)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Deduct - Decrease in interest payable	(41,304)
Deduct - proceeds from refinancing debt	(357,031)
Add - gain on refinancing	58,903
Add - Principal payments on long-term debt	<u>447,491</u>

	108,059
Change in net assets - governmental activities	<u>\$ 90,381</u>

See notes to financial statements.

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

The Coteau Fire Protection District (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 40:1492. The District provides for the acquisition, construction, maintenance, and operations of fire protection and emergency medical service facilities, for the purchase of fire trucks and other fire fighting or emergency medical service equipment and paying the cost of obtaining water for fire protection purposes.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Coteau Fire Protection District, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or any other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2011.

B. Basis of Presentation

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation (continued)

Governmental-wide Financial Statements (GWFS):

GWFS include the Statement of Net Assets and the Statement of Activities for all activities of the District. The GWFS presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements (FFS)

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

C. Measurement Focus / Basis of Accounting

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non- exchange Transactions*.

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2010 property taxes which were levied to finance the 2011 budget are recognized as revenue in 2011. The 2011 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures are recorded when payable or when the fees are incurred.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. As allowed by state law, the Board does not obtain public participation in the budget process. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2011. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Investments

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations. Investments consist of certificates of deposit which are stated at cost and approximate market value.

G. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

H. Prepaid Insurance

The District has recorded prepaid insurance in the General Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets (continued)

CATEGORY	LIFE
BUILDINGS & IMPROVEMENTS	35 YEARS
VEHICLES	5-40 YEARS
OFFICE FURNITURE, FIXTURE & EQUIPMENT	5-15 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

In the fund financial statements, capital assets purchased in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Long-Term Debt

In the GWFS all long-term debt to be repaid from governmental resources are reported as liabilities. In the FFS long-term debt is not reported as liabilities. Debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

K. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

1. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the entity's board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the entity's board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Note 2 DEPOSITS AND INVESTMENTS

A summary of deposits are listed as follows:

	Bank Balance	Reported Amount
Checking & Savings Accounts	\$498,392	\$483,523
Certificate of Deposit	\$2,628	\$2,628
Total Cash	\$501,020	\$486,151

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 2 DEPOSITS (continued)

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$251,020 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At year-end the District's deposits were adequately collateralized by securities held by unaffiliated banks for the account of the District.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2011 was 18 mills of assessed valuation on property within Terrebonne Parish Coteau Fire Protection District for the purpose of constructing, maintaining and operating recreation facilities within the District.

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 4 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 47,783	\$ -	\$ -	\$ 47,783
DEPRECIABLE ASSETS:				
Buildings & Improvements	593,851	17,379	-	611,230
Vehicles	902,003	-	-	902,003
Machinery & Equipment	490,318	5,640	-	495,958
Office Furniture & Equipment	6,760	-	-	6,760
Total Cost of depreciable assets	1,992,932	23,019	-	2,015,951
Total Cost of assets	2,040,715	23,019	-	2,063,734
ACCUMULATED DEPRECIATION				
Buildings & Improvements	45,727	16,991	-	62,718
Vehicles	314,988	67,153	-	382,141
Machinery & Equipment	276,493	53,398	-	329,891
Office Furniture & Equipment	6,650	56	-	6,707
Total accumulated depreciation	643,859	137,597	-	781,457
Net depreciable assets	\$1,349,073			\$1,234,495
Net capital assets	\$1,396,856			\$1,282,278

Depreciation Expense of \$137,597 was recorded in the governmental activities.

Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Governmental Agency:	For:	Amount
Terrebonne Parish Tax Collector	December tax collections	\$458,889
TPCG	Miscellaneous	5,818
		<u>\$464,707</u>

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 6 LONG-TERM DEBT

A summary of changes in the long-term debt for the year is as follows:

CATEGORY	BALANCE	ADDITIONS	PAYMENTS	BALANCE
Fire Truck Lease	\$95,840	\$-	\$17,396	\$78,444
Aerial Pumper #3	388,570	357,031	388,569	357,032
Station COI	216,035	-	31,526	184,509
TOTAL	\$700,445	\$357,031	\$437,491	\$619,985

The District entered into a financing lease agreement for the acquisition of a fire truck in 2005. The lease agreement bears an interest rate of 4.85% and is repayable through 2015. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The asset was recorded at a cost of \$171,473 as a capital asset.

The District entered into a financing lease agreement for the acquisition of a fire truck on January 15, 2011. The lease agreement is for a new truck to be housed in the newly constructed Lower Coteau Fire Station. Although the proceeds from the lease are in escrow as of the end of the year, the first lease payment was made on March 1, 2011 and the title to the truck has transferred and is capitalized as of December 31, 2011. The lease bears an interest rate of 4.775% and is repayable on March 1st through 2017. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The asset was recorded at a cost of \$512,532 as a capital asset. On June 28, 2011 the Board agreed to re-finance the lease with Government Capital Corp. reducing the interest rate from 5.04% to 4.75% saving about \$3,000 over the life of the loan. The total amount refinanced was \$357,031

On July 24, 2008 the Board passed a resolution incurring debt with the issuance of Certificates of Indebtedness, Series 2011 in the sum of \$334,254 in connection with construction of a new fire station. The certificates bear an interest rate of 5.295%. The construction of the station was completed in 2011 and the station was transferred to capital assets at \$502,700.

COTEAU FIRE PROTECTION DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 6 LONG-TERM DEBT (continued)

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2012	\$ 108,771	\$ 24,198	\$ 132,969
2013	\$ 109,039	\$ 23,930	\$ 132,969
2014	\$ 114,201	\$ 18,768	\$ 132,969
2015	\$ 119,609	\$ 13,359	\$ 132,969
2016	\$ 103,231	\$ 7,693	\$ 110,924
2017	\$ 65,134	\$ 2,825	\$ 67,958
	<u>\$ 619,985</u>	<u>\$ 90,772</u>	<u>\$ 710,757</u>

Note 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 8 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year.

***REQUIRED SUPPLEMENTAL
INFORMATION***

COTEAU FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund

For the Year Ended December 31, 2011

	Budgets			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$448,500	\$446,910	\$448,692	\$ 1,782
State Intergovernmental Revenue	21,000	23,240	17,250	(5,990)
Miscellaneous	-	500	806	306
Interest	1,000	500	533	33
TOTAL REVENUES	<u>470,500</u>	<u>471,150</u>	<u>467,281</u>	<u>(3,869)</u>
EXPENDITURES				
General government - current:				
Ad valorem tax deductions	18,000	15,600	15,465	135
Ad valorem tax adjustments	2,000	1,000	(1)	1,001
	<u>20,000</u>	<u>16,600</u>	<u>15,464</u>	<u>1,136</u>
Public safety - current:				
Salaries & benefits	157,500	93,000	96,928	(3,928)
Supplies & materials	40,000	40,000	33,181	6,819
Other services & charges	100,000	109,450	57,722	51,728
Repairs & maintenance	35,000	35,000	10,923	24,077
Total public safety - current	<u>332,500</u>	<u>277,450</u>	<u>198,754</u>	<u>78,696</u>
Capital outlay	<u>340,556</u>	<u>470,000</u>	<u>23,019</u>	<u>446,981</u>
Debt Service:				
Principal	96,067	96,067	447,491	(351,424)
Interest	37,077	37,077	42,684	(5,607)
Total debt service	<u>133,144</u>	<u>133,144</u>	<u>490,175</u>	<u>(357,031)</u>
TOTAL EXPENDITURES	<u>826,200</u>	<u>897,194</u>	<u>727,412</u>	<u>169,782</u>
Excess Expenditure over Revenue	(355,700)	(426,044)	(260,131)	165,913
OTHER FINANCING SOURCES (USES)				
Proceeds from refinancing	-	-	357,031	-
NET CHANGE IN FUND BALANCES	<u>(355,700)</u>	<u>(426,044)</u>	<u>96,900</u>	<u>165,913</u>
FUND BALANCES				
Beginning of year	428,683	428,683	428,684	1
End of year	<u>\$ 72,983</u>	<u>\$ 2,639</u>	<u>\$ 525,584</u>	<u>\$ 165,914</u>

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners of
Coteau Fire Protection District
Houma, LA

We have audited the financial statements of the Coteau Fire Protection District; a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2011, and has issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coteau Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a remote possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coteau Fire Protection District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, LA
June 19, 2012



COTEAU FIRE PROTECTION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended December 31, 2011

We have audited the basic financial statements of the Coteau Fire Protection District, a component unit of Terrebonne Parish Consolidated Government, which collectively comprise the basic financial statements as of and for the year ended December 31, 2011, and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The independent auditor's opinion on the basic financial statements was unqualified.

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.

